

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BULLOCK PEN WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC) CASE NO.
CONVENIENCE AND NECESSITY TO) 2012-00354
CONSTRUCT AND FINANCE A WATER TOWER)
PROJECT)

ORDER

Bullock Pen Water District (“Bullock Pen”) has applied for a Certificate of Public Convenience and Necessity for a water system improvement project at an approximate total project cost of \$1,876,300 and for authority to execute an Assistance Agreement with Kentucky Infrastructure Authority (“KIA”). Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Bullock Pen, a water district organized pursuant to KRS Chapter 74, owns and operates water distribution facilities that serve approximately 6,680 customers in Boone, Gallatin, Grant, Kenton, and Pendleton counties in Kentucky.¹

2. Bullock Pen proposes to construct a 500,000-gallon elevated water storage tank in the southwest quadrant of Interstate 75 and Kentucky Highway 491, an above-ground prefabricated pump station and building, a generator, and 1.17 miles of eight-inch water mains to serve the water tank and related appurtenances.

3. The proposed project will improve the energy efficiency of Bullock Pen’s operations, enable the water district to meet minimum water storage requirements, and improve water pressure in portions of Grant County.

¹ *Annual Report of Bullock Pen to the Public Service Commission for the [Calendar Year Ended December 31, 2011]* at 5, 27.

4. The estimated total cost of the proposed project, including construction cost, contingencies, engineering and inspection fees, is \$1,876,300.

5. CMW, Inc., of Lexington, Kentucky, prepared the plans and specifications for the proposed project.

6. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.

7. The proposed project will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.

8. The proposed project will not result in the wasteful duplication of utility facilities or excessive investment.

9. Bullock Pen proposes to enter an Assistance Agreement with KIA to borrow \$1,796,300 and to repay this amount over a 20-year term at an interest rate of 2.0 percent per annum.

10. Bullock Pen proposes to fund the remaining project cost with a \$30,000 contribution from Grant County Sanitary Sewer District and \$50,000 from internally generated funds.

11. The proposed project will not require an adjustment in Bullock Pen's rates for service.

12. The proposed Assistance Agreement with KIA is for lawful objects within Bullock Pen's corporate purpose, is necessary, appropriate for and consistent with the proper performance of Bullock Pen's service to the public, will not impair Bullock Pen's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Bullock Pen is granted a Certificate of Public Convenience and Necessity to proceed with the proposed water system improvement project as set forth in the plans and specifications of record herein.

2. Bullock Pen shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

3. Any deviation from the construction approved shall be undertaken only with the approval of the Commission.

4. Bullock Pen shall furnish documentation of the total costs of this project, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. Bullock Pen shall file with the Commission a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certificated herein.

6. Bullock Pen shall require the construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Bullock Pen is authorized to enter the proposed Assistance Agreement with KIA to borrow from KIA an amount not to exceed \$1,796,300, which shall be repaid over a 20-year period at an interest rate of 2.0 percent per annum.

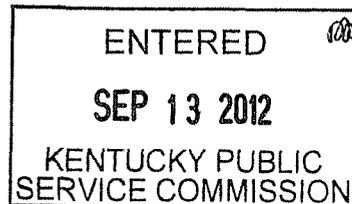
8. Within 30 days of executing its proposed Assistance Agreement with KIA, Bullock Pen shall file with the Commission an executed copy of the Assistance Agreement and all documents referenced in the Assistance Agreement.

9. Bullock Pen shall use the proceeds from the proposed Assistance Agreement with KIA only for the lawful purposes set forth in its Application.

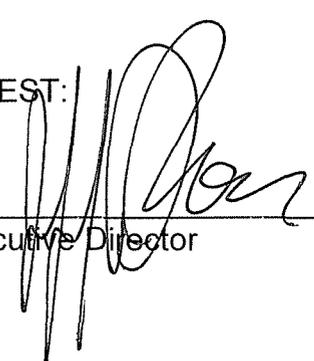
10. Any documents filed pursuant to ordering paragraphs 4, 5, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty or guarantee of the Commonwealth of Kentucky, or any agency thereof, of the evidences of indebtedness authorized herein.

By the Commission



ATTEST:



Executive Director

Bobby J Burgess
Chairman
Bullock Pen Water District
One Farrell Drive
P. O. Box 188
Crittenden, KY 41030